

REVISED

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE

September 25, 2008 at 8:00 a.m.

Room C445, State Capitol, State Capitol Complex

Members Present: Sen. Lyle W. Hillyard, Co-Chair
Rep. Ron Bigelow, Co-Chair
Sen. Peter C. Knudson, Vice Chair
Rep. Rebecca D. Lockhart, Vice Chair
Sen. Curtis S. Bramble
Rep. David Clark
Rep. Greg J. Curtis, Speaker
Sen. Gene Davis
Rep. Brad Dee
Sen. Mike Dmitrich
Rep. Dan R. Eastman
Sen. Brent H. Goodfellow
Sen. Sheldon L. Killpack
Rep. Brad King
Rep. David Litvack
Rep. Carol Spackman Moss
Rep. Phil Riesen
Rep. Gordon E. Snow
Sen. John L. Valentine, President

Members Excused: Sen. Patricia W. Jones

Staff Present: Jonathan Ball, Director, LFA
Steven Allred, Deputy Director, LFA
Greta Rodebush, Legislative Secretary

Note: A list of visitors, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Committee Co-chair Bigelow called the meeting to order at 8:18 a.m.

2. Revised Revenue Estimates

LFA staff distributed a handout, "Revised Estimated Revenue - 2008 Second Special Session - September 2008," dated September 25, 2008.

Co-chair Bigelow recognized Co-chair Hillyard for a motion.

MOTION: Co-chair Hillyard moved to adopt the one-time revenue changes and the revised ongoing FY 2009 revenue estimates indicated on the sheet titled "Revised Estimated Revenue - 2008 Second Special Session - September 2008" and dated, September 25, 2008.

Co-chair Hillyard explained that the revised revenue estimates represent a consensus figure worked out by the Governor's Office of Planning and the Office of the Legislative Fiscal Analyst.

Co-chair Hillyard elaborated on the one-time revenue changes and the revised ongoing FY 2009 revenue estimates. One-time General Fund/Education Fund revenue is down \$81,679,000. Similarly, one-time Transportation Fund revenue is down \$10,047,000. The revised ongoing FY 2009 General Fund/Education Fund revenue estimate is down \$272,399,500. Similarly, the revised ongoing FY 2009 Transportation Fund revenue estimate is down \$18,673,000. Mineral Lease revenues are up but were not factored in the final revenue figures because these monies go primarily to school districts.

Co-chair Bigelow called for discussion to the motion and placed the motion before the committee.

A vote was taken on the motion.

The motion passed unanimously with Rep. Lockhart absent for the vote.

Co-chair Hillyard distributed a handout, "Framework Motion, Executive Appropriations Committee," dated September 25 2008.

In order to address the \$272 million shortfall in ongoing FY2009 revenues, Co-chair Hillyard proposed the following motion:

MOTION: Co-Chair Hillyard moved to adopt the following framework for addressing the ongoing shortfall previously adopted:

- \$100 million from 4% ongoing budget cuts in state agencies, of which \$25 million (1%) will be backed-filled with one-time sources for FY 2009 only.
- \$75 million from 3% ongoing budgets in public education, all of which will be backfilled with one-time sources for FY 2009 only.
- \$30 million from building projects, all of which will be back-filled with one-time sources for FY 2009 only.
- \$15 million from capital improvements (moving mandatory set-aside from 1.1% to 0.9% as allowed by law).
- \$18 million from HB 359 (Health Care Tax Reform) passed last General Session
- \$35 million from ongoing funds in transportation, some of which may be back-filled with one-time sources to meet cash-flow needs.

This sums to \$273 million in ongoing sources.

We will also identify \$212 million in one-time sources from things like nonlapsing balances and restricted fund balances to cover our one-time FY 2008 shortfall and the above back-fill needs.

Co-chair Bigelow called for a discussion to the motion.

Rep. King stated that he had no objection to adopting the revised revenue estimates; however, he would have liked more time to consider different alternatives to those being offered in the proposed framework.

Co-chair Hillyard explained that the proposed framework was a starting point for discussion and that the subcommittees will have to opportunity to recommend changes.

Co-chair Bigelow called for a vote on the motion.

A vote was taken on the motion. The motion passed unanimously.

Rep. King stated that Co-chair Hillyard had addressed his concerns.

Co-chair Bigelow reemphasized that the subcommittees will have a free hand in reviewing the proposed budget items. Even though staff has made suggestions, legislators will ultimately decide what needs to be done. He encouraged the subcommittees to come back with recommendations. If the subcommittees do not take any action or are unable to bring back a balanced amount, Executive Appropriations would probably have to adopt a 3% across the board cut. By law, the budget must be balanced and the targeted numbers must be met.

Sen. Hillyard added that it is critical that the Legislature address these revenue shortfalls now rather than in January when there will be fewer options. He further noted that agencies need to know what their budgets are going to be so that they can plan accordingly. He concluded that he had received a number of phone calls from individuals impressed with the Legislature's willingness to protect the financial integrity of the State.

Co-chair Bigelow stated that discussions will continue between LFA and the Governor's Office, between the majority and the minority parties, and between the House and the Senate.

3. Other Business

Bigelow recognized Speaker Curtis who presented the following outline of the day's activities.

9:00 a.m. - 9:30 a.m. Legislature convenes to organize the Special Session
9:30 a.m. - 10:30 a.m. Caucus meetings
10:30 a.m. - 12:30 p.m. Appropriations subcommittee meetings
12:30 p.m. - 2:30 p.m. Caucus meetings
2:30 p.m. - 5:00 p.m. Appropriations subcommittee meetings

Speaker Curtis stated that the Legislature will reconvene at 9:00 a.m. on Friday, September 26, 2009 to discuss bills. The Executive Appropriations Committee reserves the right to meet again as many times as necessary to complete the work of the budget.

Co-chair Bigelow verified that a notice has been officially posted designating that Executive Appropriations will be meeting sometime between 6:00 a.m. and 3:00 p.m. on September 26, 2008.

Pres. Valentine encouraged the subcommittee co-chairs to have the agencies present recommendations for their 3% portion of the budget cuts starting at 10:30 a.m. He also expressed his appreciation to the agencies and the Governor's Office in working in partnership with the Legislature in this matter.

Co-chair Bigelow recognized Co-chair Hillyard for a motion.

MOTION: Co-chair Hillyard moved to adjourn. The motion passed unanimously.

Co-chair Bigelow adjourned the meeting at 8:37 a.m.